

FISCAL IMPACT STATEMENT ON BILL NO. **S. 1312**

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TO:	The Honorable John E. Courson, Chairman, Senate Education Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	Tricia Tangney		
DATE:	April 18, 2006	SBD:	2006199

AUTHOR:	Senator Matthews	PRIMARY CODE CITE:	59-29-440
SUBJECT:	Financial Literacy Trust Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
See Below

BILL SUMMARY:

This Bill enacts the South Carolina Financial Literacy Trust Act, which establishes trust funds to provide grants to school districts for financial literacy instruction for students in kindergarten through twelfth grade. It also establishes a Board of Trustees to oversee the trusts, an Office to implement and operate this initiative, and the procedures by which school districts can apply for grant funds.

EXPLANATION OF IMPACT:

The Bill establishes a South Carolina Financial Literacy Board of Trustees which is an eleemosynary corporation composed of eight voting members appointed by the Superintendent of Education. Section 59-29-480 (C) states that members may be paid for per diem, mileage, and subsistence. Recurring yearly costs for this section are projected to be \$1,360 minimum based on the Board meeting twice a year.

Sections 59-29-500 and 59-29-520 establish an Office of South Carolina Financial Literacy that is charged with providing information to the Board on best practices, providing technical assistance and recommendations regarding grant proposals, submitting an annual report to the Board, collecting data, and coordinating this initiative with other state, federal, local, public and private efforts to promote financial literacy. Although the Bill does not specify the number of employees needed for the Office, it is estimated that at least one FTE would be required with an annual recurring cost approximately \$65,000 for personal service and fringe and \$10,000 for other operating expenses such as rent, travel, supplies, and utilities. Approximately \$3,500 for non-recurring office set-up is also needed, unless existing resources are available.

Section 59-29-520 (5) requires that the Office contract for an in-depth performance audit due January 1, 2010, and every three years thereafter. Costs for this section are estimated at \$50,000.

Recapitulation

The costs to implement the provisions of this Bill are estimated to be approximately \$79,860 in the first year and \$76,360 annually thereafter. An additional \$50,000 will be required every third year for the performance audit.

The impact of this Bill on the General Fund of the State is at the General Assembly's discretion. If it is the General Assembly's intent that the Office charge these expenses to the trust fund established in 59-29-510 (A), then there would be no impact to the General Fund, unless funds are insufficient to cover these expenses. In addition any amount that the General Assembly may wish appropriate to the fund in accordance with Section 59-29-510 (B) is at their discretion.

LOCAL GOVERNMENT IMPACT:

None.

SPECIAL NOTES:

The General Assembly may wish to clarify if it is the intent that the fund established in 59-29-510 (A) is to be used to cover administrative expenses of the Office of South Carolina Financial Literacy.

Approved by:

A handwritten signature in black ink that reads "Don Addy". The signature is written in a cursive, flowing style.

Don Addy
Assistant Director, Office of State Budget